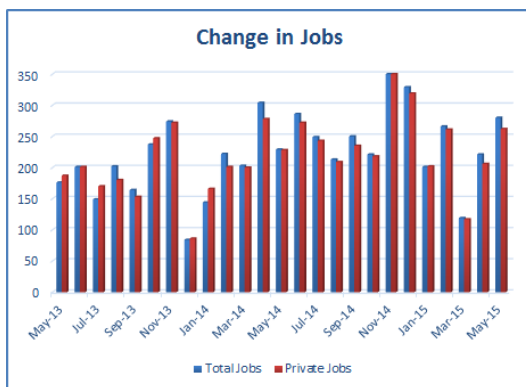


## ECONOCAST™ UPDATE – June 8, 2015

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### U.S. Economy – Job Growth Surges

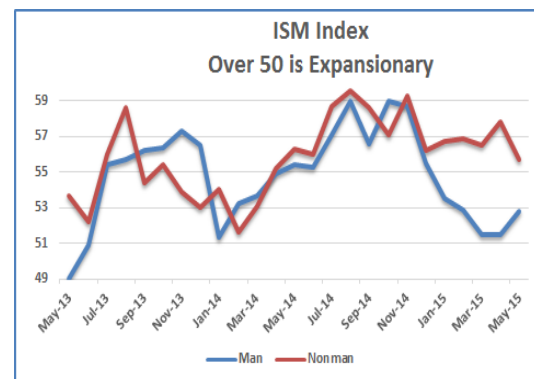
Job growth surged up by 280,000 in May. April numbers were revised down slightly, but the small gain for March was revised higher by 34,000. May's strengths were broadly based in private services combined with gains in construction and manufacturing. Only mining and information contracted. Job growth so far this quarter has returned to the 2014 average of over 250,000 jobs/month. The unemployment rate inched up slightly to 5.5%, because the labor force participation rate jumped up – a positive sign.



Low inflation is benefiting consumers, and the tight labor market is finally causing acceleration in earnings. Average hourly earnings increased by 2.3% over the past 12 months and

with consumer prices still declining on a year-over-year basis, real earnings are rising.

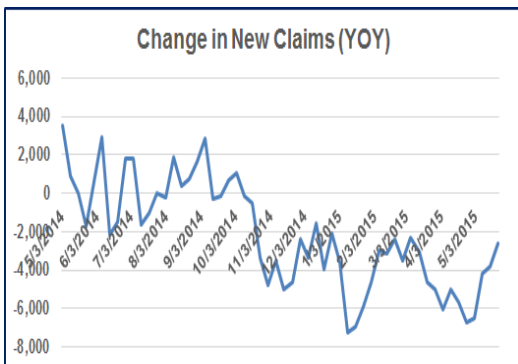
U.S. manufacturing advanced in May as stronger domestic demand offset weakness in exports and energy. The ISM index rose from 52.8 in May based on increases in new orders. Services advanced as well in May, but a somewhat slower pace than in April. Nevertheless, the ISM nonmanufacturing stood at 55.7.



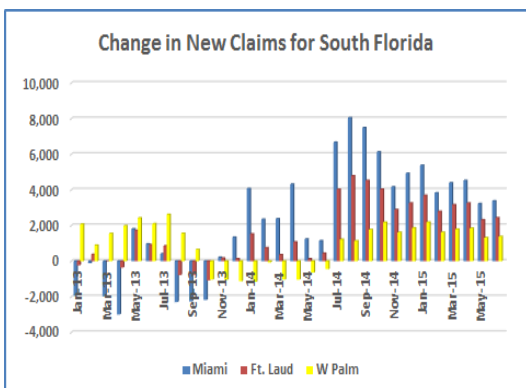
Construction spending bounced back from a dismal March report as expected. Private construction rose 1.8%, driven by the nonresidential component. Total construction spending is approximately 4.8% above its April 2014 level. Rising permit volumes point to stronger construction gains later this year.

## Florida Economy: New Claims Fall

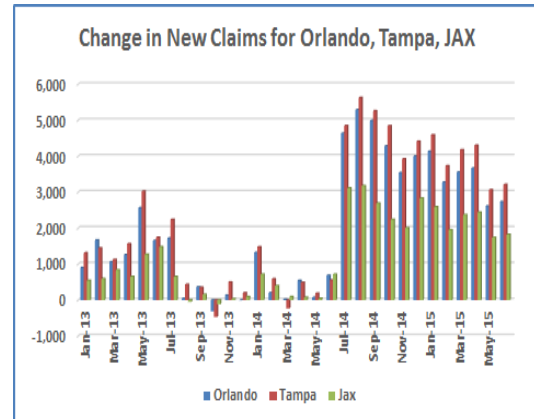
New claims for unemployment compensation continued to decline over the last month. The drop in new claims began in October 2014. The change in trend presaged the big job gains recorded over the last 90 days. Although the claims data are volatile from month-to-month their overall trend on a year-over-year basis provides good guidance for the future trend in job growth. Given the continuing decline in claims, I expect Florida's strong job growth to accelerate over the upcoming 3-to-6 months.



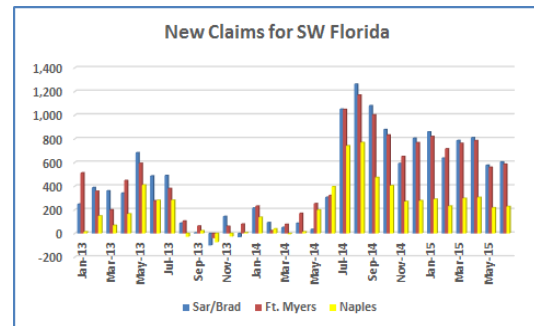
On a year-over-year basis new claims increased sharply during the summer of 2014 in South Florida. Much of this came in Miami-Dade County. Since then claims have fallen steadily in South Florida, particularly in Miami-Dade. The lower levels of new claims are consistent with the gains in South Florida's economy.



Somewhat surprisingly, this same pattern for new claims was repeated in Orlando, Tampa and Jacksonville. Claims spiked up on a yearly basis last summer and then declined rapidly since then. With strong job gains in each of these metro areas the increases in recorded new claims are curious.



Although the magnitudes are much smaller, the data for Southwest Florida's metro areas reflects this same curious pattern.



These county-level claims data are even more suspect because in each case the year-over-year claims are positive in contrast to the declining claims reported at the State level. The Department of Economic Opportunity is in the process of revising the data, and I expect that this rise in claims will be revised to a decline with the update.